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Cattle on Feed & Market Implications

Kansas Cattle on Feed

The number of **cattle on feed** on August 1, 2003 in Kansas feedlots with 1,000 head or more capacity totaled 2.18 million head, up 2 percent from a year ago and 1 percent above the number on hand July 1, 2003. **Placements** during July totaled 570,000 head, 12 percent higher than a year ago, and 37 percent above June 2003 placements of 415,000 head. **Marketings** during July totaled 540,000 head, 4 percent above July 2002 and 6 percent above June 2003. **Other disappearance** was 10,000 head, unchanged from a year ago but down 5,000 head from the previous month. The percent of July placements by weight was: under 600 pounds, 15 percent; 600-699 pounds, 22 percent; 700-799 pounds, 37 percent; and 800 pounds or heavier, 26 percent.

U.S. Cattle on Feed

Cattle and calves on feed for slaughter market in the United States from feedlots with capacity of 1,000 or more head totaled 9.59 million head on August 1, 2003. The inventory was 5 percent below August 1, 2002, and 12 percent below August 1, 2001. **Placements** in feedlots during July totaled 1.99 million, 8 percent higher than 2002 and slightly above 2001. Net placements were 1.93 million. During July, placements of cattle and calves weighing less than 600 pounds were 421,000, 600-699 pounds were 414,000, 700-799 pounds were 593,000, and 800 pounds and greater were 564,000. **Marketings** of fed cattle during July totaled 2.27 million, 4 percent above 2002 and 11 percent above 2001. **Other disappearance** totaled 60,000 during July, 33 percent above 2002 and 2 percent above 2001.

Cattle On Feed, Placements, Marketings, And Other Disappearance,
1,000+ Head Capacity Feedlots, Selected States and United States, July - August 2002 - 2003

State	Number on Feed ¹				July Placements		July Marketings		Other Disappearance during July ²	
	July 1 2003	August 1								
		2002	2003	% of 2002	2002	2003	2002	2003	2002	2003
	<i>1,000 Head</i>	<i>1,000 Head</i>	<i>1,000 Head</i>	<i>(%)</i>	<i>1,000 Head</i>	<i>1,000 Head</i>	<i>1,000 Head</i>	<i>1,000 Head</i>	<i>1,000 Head</i>	<i>1,000 Head</i>
AZ	266	285	271	95	26	32	31	26	1	1
CA	490	485	485	100	59	66	56	67	3	4
CO	890	990	860	87	190	175	225	200	5	5
ID	255	285	240	84	52	56	66	70	1	1
IA	310	320	290	91	44	51	72	70	2	1
KS	2,160	2,140	2,180	102	510	570	520	540	10	10
NE	1,690	1,790	1,570	88	400	350	495	460	5	10
NM	115	109	116	106	18	21	9	17	1	3
OK	350	310	335	108	60	75	74	85	1	5
SD	167	160	148	93	18	21	30	38	3	2
TX	2,820	2,740	2,690	98	390	475	490	590	10	15
WA	160	165	170	103	39	50	53	39	1	1
Oth Sts	250	310	230	74	34	50	72	68	2	2
U.S.	9,923	10,089	9,585	95	1,840	1,992	2,193	2,270	45	60

¹ Being fattened for slaughter market on grain or other concentrates to grade select or better. ² Includes death losses, movement from feedlots to pastures and shipments to other feedlots.

Cattle On Feed: Number Placed On Feed By Weight Group,
1,000+ Head Capacity Feedlots, Selected States and United States, July 2002-2003

State	Placed in July									
	Under 600 lbs.		600-699 lbs.		700-799 lbs.		800 Plus lbs.		Total	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
	<i>1,000 Head</i>	<i>1,000 Head</i>	<i>1,000 Head</i>	<i>1,000 Head</i>	<i>1,000 Head</i>	<i>1,000 Head</i>	<i>1,000 Head</i>	<i>1,000 Head</i>	<i>1,000 Head</i>	<i>1,000 Head</i>
CO	28	24	37	41	65	53	60	57	190	175
KS	70	85	110	125	200	210	130	150	510	570
NE	36	37	83	76	121	105	160	132	400	350
TX	120	155	85	115	125	125	60	80	390	475
Other States	115	120	50	57	80	100	105	145	350	422
U.S.	369	421	365	414	591	593	515	564	1,840	1,992



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MARKET IMPLICATION -Provided by Jim Mintert, Extension Ag Economist at KSU - Research & Extension Service

Kansas slaughter steer prices averaged \$76.49/cwt. from early July through mid-August, 21% higher than in 2002. The increase in live cattle prices mirrors the increase in the light Choice boxed beef cutout value, which also rose 21% above 2002's during July-August. This summer's price rise is attributable to smaller beef supplies, primarily because of the world-wide ban on Canadian beef exports and a modest improvement in U.S. consumers' demand for beef.

Last Friday USDA announced that it was lifting the ban on imports of some Canadian boneless beef products. Relaxation of the ban on boxed beef imports will, over time, help Canada gain access to other markets around the world and it effectively increases available world beef supplies, just as the ban temporarily reduced available world beef supplies. During the first four months of 2003, daily imports of Canadian boxed beef averaged the equivalent of 4.3% of U.S. beef production. If current estimates that imports in late summer/fall will range from about one-half to two-thirds of their pre-ban total are realized, it implies that imports of Canadian beef this fall will average less than 3% of U.S. daily beef production. But the impact on supplies faced by U.S. consumers will be less than the change in Canadian imports because the U.S. is expected to gain export market share, especially in Japan. As a result, the net increase in U.S. domestic supplies this fall could be modest, perhaps less than 2%. And if that's the case, downward pressure on both boxed beef prices and cattle prices this fall from resumption of trade with Canada will be small, averaging about 3% or less.

Today's On Feed report indicates that cattle feeders marketed cattle aggressively during July as daily marketings averaged 3.5% larger than in 2002. Aggressive marketings the last three months mean the U.S. feeding sector has effectively pulled cattle forward, partly in response to the ban on Canadian imports. Although net placements of cattle on feed during July rose 7.6% compared to last year, it still looks like U.S. fed cattle supplies will remain tight this fall.

Look for cash slaughter cattle prices to drift lower the next few weeks in anticipation of Canadian beef supplies entering the market. U.S. fed cattle marketings are expected to tighten up this fall as the marketing pace begins to slow. If that's the case, Kansas slaughter steer prices could bottom out in the mid-\$70's before recovering to the high \$70's this fall.

For a more detailed narrative visit www.agecon.ksu.edu/livestock